
BOSTON GAS COMPANY

D.T.E. 03-40

FIFTH SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF
TELECOMMUNICATIONS AND ENERGY TO
BOSTON GAS COMPANY

Pursuant to 220 C.M.R. § 1.06(6)(c), the Department of Telecommunications and Energy (“Department”) submits to Boston Gas Company (“Boston Gas” or “Company”) the following Information Requests:

INSTRUCTIONS

The following instructions apply to this set of Information Requests and all subsequent Information Requests issued by the Department to the Company in this proceeding.

1. Each request should be answered in writing on a separate, three-hole punch page with a recitation of the request, a reference to the request number, the docket number of the case and the name of the person responsible for the answer.
2. Do not wait for all answers to be completed before supplying answers. Provide the answers as they are completed.
3. These requests shall be deemed continuing so as to require further supplemental responses if the Company or its witness receives or generates additional information within the scope of these requests between the time of the original response and the close of the record in this proceeding.
4. The term “provide complete and detailed documentation” means:

Provide all data, assumptions and calculations relied upon. Provide the source of and basis for all data and assumptions employed. Include all studies, reports and planning documents from which data, estimates or assumptions were drawn and support for how

the data or assumptions were used in developing the projections or estimates. Provide and explain all supporting work-papers.

5. The term “document” is used in its broadest sense and includes, without limitation, writings, drawings, graphs, charts, photographs, phono-records, microfilm, microfiche, computer printouts, correspondence, handwritten notes, records or reports, bills, checks, articles from journals or other sources and other data compilations from which information can be obtained and all copies of such documents that bear notations or other markings that differentiate such copies from the original.
6. If any one of these requests is ambiguous, notify the Hearing Officer so that the request may be clarified prior to the preparation of a written response.
7. Please file one copy of the responses with Mary Cottrell, Secretary of the Department and on all parties; also submit one (1) copy of the responses to John J. Geary, Hearing Officer, one (1) copy of the responses to Sean Hanley, Assistant Director - Rates and Revenue Requirements Division, one (1) copy of the responses to Paul E. Osborne, Assistant Director - Rates and Revenue Requirements Division, two (2) copies of the responses to A. John Sullivan, Rates and Revenue Requirements Division, and one (1) copy to Andreas Thanos, Assistant Director, Gas Division.
8. In addition to filing, all non-proprietary responses should be submitted by e-mail to dte.efiling@state.ma.us and to the e-mail address of any party required to be served.

INFORMATION REQUESTS

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| DTE 5-1 | Please provide a copy of the most recent annual audit of the American Gas Association (“AGA”) performed by National Association of Regulated Utility Companies (“NARUC”). If the Company’s response does not represent the audit corresponding to the test year used by Boston Gas, please provide the estimated date when the audit will be available. |
| DTE 5-2 | Please provide the quarterly reports provided to Congress by the AGA under the Federal Regulation of Lobbying Act during the test year. |
| DTE 5-3 | Please provide a copy of the AGA’s areas budget, balance sheet, and statement of revenues, expenses and changes in fund balance for the years 2000, 2001, and 2002. Provide any notes or attachments relevant to these statements. |
| DTE 5-4 | Please provide the total cost of support services made by the AGA on behalf of any political action committee during the test year. |

- DTE 5-5 The Company's terms and conditions for distribution service contain a company gas allowance clause. Please provide the company gas allowance charged to distribution customers for each 12-month period beginning August 1, 1997 to the present. In addition, please indicate whether the gas allowance clause contains gas consumed by the Company for its own purposes. If so, please discuss how the move to centralize operations to one location (Waltham, Massachusetts) will affect this figure.
- DTE 5-6 Refer to Exh. KEDNE/PRM-1, at 17, lines 6-7. Please provide, to the extent possible, the barometer group's percentage of revenues, income, and identifiable assets associated with the gas utility business for the year 2002.
- DTE 5-7 Refer to Exhs. KEDNE/PRM-1, at 19, lines 24-26; KEDNE/PRM-2, Schs. 2-4. Did Mr. Moul make adjustments to the companies in the barometer group and the S&P public utilities to remove merger-related items, including the amortization of goodwill and merger-related expenses. If so, please provide any workpapers, calculations, and assumptions that the witness relied upon when making these adjustments.
- DTE 5-8 Refer to Exh. KEDNE/PRM-1, at 21, lines 18-19. Please provide all calculations and data used to derive the standard deviations of 3.0 percent, 1.0 percent, and 1.9 percent for the Company, the barometer group and the S&P public utilities, respectively.
- DTE 5-9 Refer to Exhs. KEDNE/PRM-1, at 34, lines 7-11; KEDNE/PRM-1, at 19, lines 24-26. Does Mr. Moul consider the DCF calculation to be distorted because of the merger and acquisition premiums? As part of this response, explain the related adjustments Mr. Moul made to the Boston Gas data and provide all related workpapers.
- DTE 5-10 Refer to Exh. KEDNE/PRM-1, at 42, lines. Please provide the workpapers and calculations used to derive the A-rated utility spread of two percent. Does this data also correspond to the spread column in Exh. KEDNE/PRM-2, at 16 (Sch. 8, at 5 of 5)?
- DTE 5-11 Refer to Exh. KEDNE/PRM-1, at 45, line 16. Please explain the basis for Mr. Moul's conclusion that a reasonable common equity risk premium is five percent.

- DTE 5-12 Refer to Exh. KEDNE/PRM-2, at 22 (Sch. 10, at 4 of 6). Please explain how the long-term average risk-free rate was derived. As part of this response, define “long-term” as its is being used in this context.
- DTE 5-13 Refer to Exh. KEDNE/AEL-1, at 10. Please: (a) provide precedent where the Department has allowed a local distribution company to reduce its test year revenues to reflect the loss of a customer in the future; and (b) indicate whether the Company intends to stop offering off-tariff special contracts to its larger commercial and industrial customers.
- DTE 5-14 For each year since the issuance of D.P.U. 96-50, please provide a table indicating the following: (a) the number of new and renewed off-tariff special contracts approved by the Department; (b) revenues generated by off-tariff special contracts (new and renewals); and (c) revenues generated by interruptible transportation.
- DTE 5-15 Refer to Exh. KEDNE/RBE-1. Please provide a list of each product that the Gas Technology Institute (“GTI”) has developed since its inception. Note that this question refers to GTI only and not to the Gas Research Institute (“GRI”) or Institute of Gas Technology (“IGT”).
- DTE 5-16 Refer to Exh. KEDNE/RBE-1, at 2. Please provide the rationale used by the Federal Energy Regulatory Commission (“FERC”) for terminating the mandatory funding of GRI. Also, submit a copy(ies) of the relevant FERC orders.
- DTE 5-17 Refer to Exh. KEDNE/RBE-1, at 3. In light of the numerous gas research and development (“R&D”) organizations, describe the additional benefit that GTI will bring to the industry that the other entities cannot.
- DTE 5-18 Refer to Exh. KEDNE/RBE-1, at 3. In what capacity was GTI responsible for finding and recovering unconventional gas resources? Please note that this question refers to GTI only and not to GRI or IGT.
- DTE 5-19 Please indicate which staff of IGT and GRI have joined the new organization, GTI. Indicate the titles and positions (pre merger and current) of each staff member.
- DTE 5-20 For each member of the board of GTI, please list salary, travel budget and any other type of compensation received on an annualized basis since GTI’s inception or since becoming a board member of GTI.

- DTE 5-21 Refer to Exh. KEDNE/ALS-2, Sch. 1, at 2, line 24. Please explain the source of the numbers $(15)*(18)*(21)$.
- DTE 5-22 Refer to Exh. KEDNE/ALS-1, at 10. Please indicate where the figure \$499.15 appears, as it is not located on Sch. 1, at 1, line 13.
- DTE 5-23 Refer to Exh. KEDNE/ALS-2, Sch. 3. Please explain the numbers in column 2, including how they are derived.
- DTE 5-24 Refer to Exh. KEDNE/ALS-2, Sch. 3. Please describe in detail the regression analysis performed, including predictor variables, dependent variables, and the statistical significance of each of the predictor variables.
- DTE 5-25 Refer to Exh. KEDNE/ALS-2, Sch. 3. Please explain the difference between the trended cost per design day MMBtu (line 25) and the average cost per design day MMBtu (line 31).
- DTE 5-26 Refer to Exh. KEDNE/ALS-2, Sch. 3. Please explain the reason for the large difference in average cost per design day from 1988-2002, compared to the period 1997-2002.
- DTE 5-27 Refer to Exh. KEDNE/ALS-2, Sch. 4, at 1. Please describe in detail the regression analysis performed, including predictor variables, dependent variables, and the statistical significance of each of the predictor variables.
- DTE 5-28 Refer to Exh. KEDNE/ALS-2, Sch. 4, at 3. Please describe how lines 10 and 11 were derived for 2001 and 2002. As part of your response, explain what accounts for the difference between 2001 and 2002.
- DTE 5-29 Refer to Exh. KEDNE/ALS-2, Sch. 5, at 1. Please describe in detail the regression analysis performed, including predictor variables, dependent variables, and the statistical significance of each of the predictor variables.
- DTE 5-30 Refer to Exh. KEDNE/ALS-2, Sch. 5, at 1, n. 3. Please explain why the absence of a statistically significant time series regression accounts for a “more reasonable” prediction of an average marginal unit cost.
- DTE 5-31 Refer to Exh. KEDNE/ALS-2, Sch. 5, at 2, 4. Please explain why the relative weightings are different for each class.

- DTE 5-32 Refer to Exhs. KEDNE/ALS-2, Sch.5, at 3 and 5. For each regression analysis presented, describe in detail the regression analysis performed, including predictor variables, dependent variables, and the statistical significance of each of the predictor variables.
- DTE 5-33 Refer to Exh. KEDNE/ALS-2, Sch. 6, at 2. Please explain the increases in miscellaneous expense for 2000 and 2001. Also, explain the increase in staff expense and office supply expense from 2000 to 2001.
- DTE 5-34 Refer to Exh. KEDNE/ALS-2, Sch. 9, at 1 and 2. Please explain why the annual costs are adjusted by an inflation adjustment on line 36.
- DTE 5-35 Refer to Exhs. KEDNE/ALS-2, Sch. 9, at 1 and 2; KEDNE/ALS-2, Sch. 5, at 2. Please explain why the annual costs per rate class are all uniformly higher than the average customer cost derived in Sch. 5, at 2.
- DTE 5-36 Refer to the supplemental materials of Mr. McClellan regarding fines and penalties. Please explain what all of the payments to the Department and the State of New Hampshire represent.
- DTE 5-37 Refer to the supplemental materials of Mr. McClellan regarding fines and penalties. Please explain why the Company was allocated 68.1 percent of the \$3400 in payments made to the State of New Hampshire.